



BHG Retail REIT 2Q 2018

Gross Revenue up 11.9% year-on-year

Net Property Income up 9.9% year-on-year

- Annualised Distribution Yield of 7.6%¹
- High Occupancy Rate of 99.3%
- Healthy Rental Reversion

SINGAPORE, August 8, 2018 – BHG Retail Trust Management Pte. Ltd., the Manager of BHG Retail REIT, is pleased to announce the financial results of BHG Retail REIT for the second quarter (“2Q 2018”) and half year (“1H 2018”) ended 30 June 2018.

Gross revenue for 2Q 2018 outperformed the same quarter last year by 11.9%. Correspondingly, net property income saw a 9.9% increase year-on-year. These outstanding results were attributed to healthy rental uplift from all three multi-tenanted malls, and higher occupancy rate in Chengdu Konggang Mall due to the completion of its asset enhancement initiative in July 2017.

2Q 2018 amount available for distribution of S\$5.1 million translated to a distribution per Unit (“DPU”) of 1.35 Singapore cents. The aggregate 1H 2018 DPU of 2.74 Singapore cents represented an annualised DPU yield of 7.6%¹, based on a closing price of S\$0.73 as at 30 June 2018. Unitholders can expect to receive their 1H 2018 distribution on 27 September 2018.

Ms Chan Iz-Lynn, Chief Executive Officer of BHG Retail Trust Management Pte. Ltd., said, “We are pleased to deliver another quarter of promising performance. Our multi-tenanted malls continued to witness healthy leasing demands and sustained high occupancy rate. China residents’ rising income continued to give impetus to domestic spending, auguring well with BHG Retail REIT’s community-focused strategy. Looking forward, we will continue to maximize the potential of existing properties, heighten efforts to pursue acquisition growth, and strive to deliver sustainable returns to our unitholders”.

Footnote:

1. Based on closing price of S\$0.73 as at 30 June 2018, and 1H 2018 Distribution per Unit.

For the Second Quarter Ended 30 June	2Q 2018²	2Q 2017²	Change%
Gross revenue [RMB'000]	84,760	78,151	8.5
Net property income [RMB'000]	57,249	53,711	6.6
Gross revenue [SGD'000]	17,738	15,858	11.9
Net property income [SGD'000]	11,980	10,900	9.9
Amount available for distribution [SGD'000]	5,117	4,918	4.0
Distribution per unit ("DPU") [SGD cents]	1.35	1.35	-
For the Half Year Ended 30 June	1H 2018²	1H 2017²	Change%
Gross revenue [RMB'000]	168,755	153,499	9.9
Net property income [RMB'000]	113,325	104,151	8.8
Gross revenue [SGD'000]	35,167	31,350	12.2
Net property income [SGD'000]	23,616	21,271	11.0
Amount available for distribution [SGD'000]	10,404	9,974	4.3
Distribution per unit ("DPU") [SGD cents]	2.74	2.74	-

Footnote:

² The actual results of the Group's foreign subsidiaries were translated using the average SGD: CNY rate of 1:4.778, 1:4.929, 1:4.799 and 1:4.896 for 2Q 2018, 2Q 2017, 1H 2018 and 1H 2017, respectively.

Capital Management

As at 30 June 2018, the aggregate borrowings drawn down stood at S\$237.3 million. This represents a gearing of 31.8%, well below the regulator's limit of 45%. The low gearing provides a comfortable debt headroom to facilitate any potential inorganic growth. About 70% of debt are denominated in Singapore dollars.

Outlook³

The China economy grew 6.8% year-on-year to RMB 41.9 trillion in 1H 2018, well above the government's full year growth target of around 6.5%. Retail sales rose 9.4% year-on-year to RMB 18.0 trillion in 1H 2018. Disposable income and consumption expenditure per capita for urban residents increased 7.9% and 6.8%, respectively in 1H 2018. Consumption accounted for 78.5% of China's economic growth in 1H 2018, up from 58.8% for the full year 2017. According to CBRE⁴, new supply slowed after the supply peak in end 2017. National average vacancy rate fell slightly. Aside from

continued expansion by food and beverage retailers in shopping malls, much of the activity involved retailers expanding their online sales channels.

Footnotes:

3. Source: National Bureau of Statistics of China
4. Source: CBRE Marketview

ABOUT BHG RETAIL REIT (<http://www.bhgreit.com>)

BHG Retail REIT is the first pure-play China Retail REIT sponsored by a leading China integrated retail group. The REIT was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 11 December 2015. The principal investment strategy of BHG Retail REIT is to invest, directly or indirectly, in a diversified portfolio of income-producing real estate which is used primarily for retail purposes (whether either wholly or partially), as well as real estate-related assets in relation to the foregoing, with an initial focus on China.

Its portfolio comprises five retail properties, Beijing Wanliu (60%), Chengdu Konggang, Hefei Mengchenglu, Xining Huayuan, Dalian Jinsanjiao located in Tier 1, Tier 2 and other cities of significant economic potential in China. As at 30 June 2018, the portfolio gross floor area ("GFA") of about 264,000 sqm, has a committed occupancy of 99.3%. As at 31 December 2017 (date of latest valuation), total appraised value was approximately RMB 3,946 million. Under voluntary right of first refusal agreements ("ROFR"), properties may potentially be offered to BHG Retail REIT as future pipeline assets.

ABOUT THE REIT MANAGER

BHG Retail REIT is managed by BHG Retail Trust Management Pte. Ltd., an indirect wholly owned subsidiary of the Sponsor, Beijing Hualian Department Store Co., Ltd. The Manager's key financial objectives are to provide Unitholders of BHG Retail REIT with an attractive rate of return on their investment through regular and stable distributions to Unitholders and to achieve long-term sustainable growth in distribution per unit ("DPU") and net asset value ("NAV") per Unit, while maintaining an appropriate capital structure for BHG Retail REIT.

ABOUT THE SPONSOR

BHG Retail REIT is the first retail REIT sponsored by an established PRC home-grown retail property operator, Beijing Hualian Department Store Co., Ltd. (the "Sponsor"). Established in May 1998, the Sponsor is a listed company on the Shenzhen Stock Exchange (stock code: 000882). The Sponsor is one of the first companies to be engaged in retail property management in China whose focus is mainly on the ownership and management of community retail properties. These properties are positioned as one-stop family-oriented destinations for the community in its locality, with shopping, dining, recreational and entertainment facilities to cater to an extensive variety of communal needs.

For further information and enquiries:

Nigel Nai Zi
Investor Relations Manager
BHG Retail Trust Management Pte. Ltd.
Contact: (65) 6805 8283
Email: ir@bhgreit.com

IMPORTANT NOTICE

The value of units in BHG Retail REIT (“Units”) and the income derived from them, if any, may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, BHG Retail Trust Management Pte. Ltd., as manager of BHG Retail REIT (the “Manager”) or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. The past performance of BHG Retail REIT is not necessarily indicative of its future performance.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that unitholders of BHG Retail REIT (“Unitholders”) may only deal in their Units through trading on the SGX-ST. Listing of the Units on SGX-ST does not guarantee a liquid market for the Units.

This press release may contain forward-looking statements that involve risks and uncertainties. Such forward-looking statements and/or financial information involve a number of factors, risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, the present and future business strategies, the environment in which BHG Retail REIT will operate in the future, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, property expenses and governmental and public policy changes, and the continued availability of financing. The actual results, performance or achievements of BHG Retail REIT or the Manager, or industry results, may be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and/or financial information, as these statements and financial information reflect the Manager’s current views concerning future events and necessarily involve risks, uncertainties and assumptions. Prospective investors and Unitholders are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of the Manager on future events.